

OHIONET  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note 1)	\$ 2,368,867.95	\$ 902,035.29
Cash and Cash Equivalents - OPAL (Note 3)	<u>926,209.44</u>	<u>772,645.36</u>
Total Cash and Cash Equivalents	3,295,077.39	1,674,680.65
 Short-Term Investments (Note1)	 497,277.65	 2,181,275.83
 Accounts Receivable (Note 1)	 1,483,519.05	 1,101,874.20
Accounts Receivable - OPAL (Note 3)	<u>453,425.24</u>	<u>479,173.46</u>
Total Accounts Receivable	1,936,944.29	1,581,047.66
 Inventories (Note 1)	 25,574.66	 30,736.62
Prepaid Expenses and Deposits	888,689.73	584,285.28
Prepaid Expenses - OPAL (Note 3)	<u>1,591.15</u>	<u>522.95</u>
Total Current Assets	<u>6,645,154.87</u>	<u>6,052,548.99</u>
 <b>PROPERTY (Note 1)</b>		
Land and Building	931,120.99	930,731.99
Office Furniture and Equipment	<u>642,393.89</u>	<u>639,730.44</u>
Total Property	1,573,514.88	1,570,462.43
Less: Accumulated Depreciation	<u>(774,170.12)</u>	<u>(690,326.81)</u>
Net Property	<u>799,344.76</u>	<u>880,135.62</u>
 <b>OTHER ASSETS</b>		
Equipment and Software		
Licenses - OPAL (Note 1 and 3)	<u>1,513,786.50</u>	<u>1,404,721.50</u>
 Total Assets	 <u>\$ 8,958,286.13</u>	 <u>\$ 8,337,406.11</u>

The accompanying notes are an integral part of these financial statements.

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STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2004 AND 2003

LIABILITIES & CORPORATE EQUITY

	<u>2004</u>	<u>2003</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses (Note 1)	\$ 800,038.13	\$ 663,137.18
Accounts Payable and Accrued Expenses - OPAL (Note 3)	<u>39,639.69</u>	<u>34,786.36</u>
Total Accounts Payable and Accrued Expenses	839,677.82	697,923.54
Unearned Revenues and Other Obligations - (Note 1)	1,927,006.25	1,667,336.46
Unearned Revenues and Other Obligations - OPAL (Note 3)	<u>2,742,609.24</u>	<u>2,515,773.43</u>
Total Current Liabilities	5,509,293.31	4,881,033.43
Total Liabilities	5,509,293.31	4,881,033.43
UNRESTRICTED CORPORATE EQUITY (Note 1)		
Undesignated	2,565,366.14	2,584,185.51
Undesignated - OPAL (Note 3)	112,763.40	106,503.48
Board Designated (Note 2) Reserve Fund (R&D)	<u>770,863.28</u>	<u>765,683.69</u>
Total Corporate Equity	<u>3,448,992.82</u>	<u>3,456,372.68</u>
Total Liabilities and Corporate Equity	<u>\$ 8,958,286.13</u>	<u>\$ 8,337,406.11</u>

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OHIONET  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<b>UNRESTRICTED REVENUES</b>		
Sales of Services and Products to Member Libraries	\$ 8,212,641.07	\$ 7,957,261.87
Direct Costs of Services and Products	<u>(6,865,202.96)</u>	<u>(6,654,189.98)</u>
Gross Profit	1,347,438.11	1,303,071.89
Investment Income	37,012.40	52,255.30
Investment Income - OPAL (Note 3)	6,259.92	8,477.58
Miscellaneous Income	3,050.39	2,451.07
Miscellaneous Income - OPAL	<u>0.00</u>	<u>3,000.00</u>
Net Operating Revenues	<u>1,393,760.82</u>	<u>1,369,255.84</u>
<b>OPERATING EXPENSES (Note 4)</b>		
Salaries, Wages and Related Payroll		
Taxes and Benefits	1,023,371.79	957,014.04
Administrative	294,271.77	288,574.36
Building Expense	<u>83,497.12</u>	<u>88,291.67</u>
Total Operating Expenses	<u>1,401,140.68</u>	<u>1,333,880.07</u>
(DEFICIT) EXCESS OF UNRESTRICTED REVENUES OVER EXPENSES	<u>(7,379.86)</u>	<u>35,375.77</u>
CORPORATE EQUITY AT BEGINNING OF YEAR	<u>3,456,372.68</u>	<u>3,420,996.91</u>
CORPORATE EQUITY AT END OF YEAR (Note 1)	<u>\$ 3,448,992.82</u>	<u>\$ 3,456,372.68</u>

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OHIONET  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) Increase in Corporate Equity	\$ (7,379.86)	\$ 35,375.77
Adjustments to reconcile (Decrease) Increase in Corporate Equity to new cash provided by operating activities:		
Depreciation	126,040.77	116,368.39
(Gain) on disposal of equipment	0.00	(3,077.94)
(Increase) decrease in:		
Accounts receivable	(355,896.63)	190,344.78
Prepaid expenses and deposits	(305,472.65)	93,910.32
Inventories	5,161.96	26.78
Other assets	(109,065.00)	18,503.68
Increase (decrease) in:		
Accounts payable and accrued expenses	141,754.28	(202,980.26)
Unearned revenues and other obligations	259,669.79	(148,048.39)
Unearned revenues and other obligations - OPAL	<u>226,835.81</u>	<u>153,423.12</u>
Net Cash Provided (Used) By Operating Activities	(18,351.53)	253,846.25
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of short-term investments	3,574,006.68	3,556,127.56
Purchases of short-term investments	(1,890,008.50)	(4,059,948.46)
Proceeds from sale of property	0.00	3,110.00
Purchases of property	<u>(45,249.91)</u>	<u>(113,026.89)</u>
Net Cash Provided (Used) By Investment Activities	1,638,748.27	(613,737.79)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided (Used) By Financing Activities	<u>0.00</u>	<u>0.00</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,620,396.74	(359,891.54)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,674,680.65</u>	<u>2,034,572.19</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,295,077.39</u>	<u>\$ 1,674,680.65</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING TRANSACTION:

Purchase of property financed by accounts payable	<u>\$ 0.00</u>	<u>\$ 779.97</u>
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